

Message Text

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PAGE 01 MBABAN 00355 110956Z

ACTION AF-08

INFO OCT-01 EB-08 ISO-00 COME-00 OPIC-03 OES-06 /026 W

-----110957Z 005789 /10

P R 110645Z FEB 77

FM AMEMBASSY MBABANE

TO SECSTATE WASHDC PRIORITY 1128

INFO AMEMBASSY GABORONE

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E.O. 11652: N/A

TAGS: EINV, WZ

SUBJECT: US INVESTMENT IN SWAZILAND

REF: STATE 27747

1. EMBASSY COMMENDS TO DEPARTMENT'S ATTENTION THE SET OF SEVEN "INVESTMENT NOTES" BROCHURES TRANSMITTED TO DEPARTMENT (ONE SET EACH TO AF AND EB) UNDER COVER OF MBABANE A-41 OF SEPTEMBER 20, 1976. BROCHURES INCLUDE INFO AND DATA RELEVANT TO REFTEL QUERY AND ARE AVAILABLE TO PRIVATE INQUIRERS THROUGH NATIONAL INDUSTRIAL DEVELOPMENT CORPORATION, BOX 866, MBABANE.

2. REPLIES TO QUESTIONS IN PARA 2 REFTEL FOLLOW:

A. ACCORDING TO BROCHURE NUMBER TWO, "COMPANIES OTHER THAN MINING COMPANIES ARE TAXED AT FLAT RATE OF THIRTY-SEVEN AND HALF PERCENT OF TAXABLE INCOME. MINING COMPANIES ARE TAXED AT VARIABLE RATE OF TWENTY-SEVEN PERCENT ON FIRST TWENTY THOUSAND EMALANGENI (RAND) AND THIRTY-SEVEN AND HALF PERCENT ON REMAINDER OF TAXABLE INCOME. DIVIDENDS ACCRUING TO OR RECEIVED BY COMPANY INCORPORATED IN SWAZILAND ARE EXEMPT FROM TAX."

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PAGE 02 MBABAN 00355 110956Z

B. AS FOR POWER RATES, BROCHURE NUMBER THREE INDICATES RATES FOR BULK USERS. HOWEVER, SWAZILAND ELECTRIC BOARD INFORMS EMBASSY THAT PLANT CONSUMING FORTY-TWO MEGAWATTS WOULD BE SUBJECT TO SPECIAL TARIFF BECAUSE POWER AVAILABLE IN SWAZILAND (COMBINATION OF SWAZILAND'S OWN PRODUCTION PLUS AMOUNTS OBTAINED FROM SOUTH AFRICA) IS NORMALLY AT LEVEL OF ONLY FORTY MEGAWATTS. TWO

ADDITIONAL MEGAWATTS WOULD HAVE TO BE OBTAINED FROM SOUTH AFRICA, PENDING CONSTRUCTION OF SIXTY MEGAWATT THERMAL POWER PLANT PROPOSED FOR MPAKA AREA TWO YEARS OR MORE IN FUTURE. RATE FOR NEW COMPANY WOULD HAVE TO BE NEGOTIATED AND WOULD DEPEND ON WHAT POWER TO BE USED FOR, WHEN POWER WOULD BE USED, AND WHERE POWER TO BE USED.

C. ON RAIL RATES, SWAZILAND RAILWAY STATES IT UNABLE PROVIDE EVEN AN ESTIMATE ON COST PER TON TO PORT UNTIL INFORMED OF CONTAINER SIZE, WEIGHT, AND VALUE OF PRODUCT BEING SHIPPED. WACHOB

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Message Attributes

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